

### ANGER ERUPTS OVER MEDICARE REFORM

June 19th, 2003

Washington Healthbeat

Until now, the Medicare debate has been fairly calm. But last night and again this morning, the anger and suspicion beneath its surface erupted into full view at a markup of reform legislation by the House Energy and Commerce Committee. Fearing that revenues for traditional social programs will evaporate from tax cut after tax cut, Democrats who may not quite have believed their rhetoric of recent years that Republicans want "to end Medicare", acted as if they believe it now. "I have never been as concerned about my country in my life as I am today," Rep. Ted Strickland (D-OH) said this morning. President Bush and the Republicans "are not conservatives. They are radicals," he declared.

The discord was not enough to prevent the panel from approving the reform package Thursday evening by a comfortable margin, 29 to 20. In addition, it voted unanimously to send to the House floor H.R. 531, which would keep certain funds allotted under the State Children's Health Insurance Program from reverting to the U.S. Treasury. But the emotion at the markup suggests that reaching a final congressional agreement on Medicare reform is no sure thing, and that achieving reforms seniors can live with is even less certain.

A number of Democrats arrived at this morning's markup wearing black armbands to commemorate what they said would be the end of Medicare in 2010 if the House GOP leadership reform package (H.R. 2473) is enacted into law. Specifically, they said the bill would end Medicare's guarantee since its start in 1965 that beneficiaries receive a defined package of medical benefits. Ending this entitlement would be a system in which the government helps seniors pay premiums for benefits, which Democrats claim would erode as the playing field tilted more and more in Medicare toward private plans. "I didn't come here to preside over a time when Medicare was going to be destroyed," Rep. Jan Schakowsky (D-IL) said this morning.

Exasperated with GOP claims that what seniors want out of Medicare is more choices, Democrats said that Republicans are out of touch. Schakowsky, whose past career includes counseling seniors on Medicare benefits, said last night that what seniors want is a drug benefit, not a series of bewildering differences in benefit designs. "If you think senior citizens like HMOs better than Medicare, you're just missing the boat here," she added. Strickland, meanwhile, entered into an exchange with Committee Chair Billy Tauzin (R-AZ) about what seniors in their respective districts ask them for vis--vis Medicare reform. Tauzin said they frequently tell him they want more choices. Strickland said that's never happened to him in his district in Southeastern Ohio, and Rep. Lois Capps (D-CA) said it hadn't happened to her in her district either.

Rep. Frank Pallone (D-NJ) questioned the whole notion of seniors sitting down and being able to compare plans, and said varying benefit structures would render the notion of competition "somewhat meaningless." Schakowsky said seniors can't somehow customize benefits in the way Republicans envision because they don't know what their costs are going to be. "I don't see where some of these things fit into anyone's average lives," added Rep. Anna Eshoo (D-CA). "They're not asking for 72 insurance companies, come on!" Eshoo said that while Republicans would be able to win every vote in the markup, she cautioned that they are playing for larger stakes and could lose out with seniors. "What are you doing," she asked. "What's so awful about Medicare that you want to toss it on the floor and have it shatter into 10,000 pieces? I think this is a march to folly."

Strickland pressed the Committee counsel on what would happen if no private prescription drug plans decided to participate in a region. The counsel repeatedly replied that the Congressional Budget Office has assumed that at least two plans per region will participate because of the way the bidding regions will be structured and the power of HHS to reduce a plan's financial risk if it participates. Strickland wanted to know what would happen if the CBO was wrong. When no alternative was offered, an incredulous Strickland demanded, "Are you going to force them to come in!? What are you going to do?" "CBO can't force a company into southeastern Ohio," Strickland said.

Exasperation and incredulity on the part of Democrats didn't get a rise out of Republicans, but allegations that they are in the pocket of big drug and insurance company corporate donors did. Rep. Sherrod Brown (D-OH) last night linked drug industry victories year after year in Congress

to their campaign donations. After Brown asserted that committee markups this year and last were scheduled around drug and insurance company fundraisers, Tauzin reprimanded Brown and drew a round of applause from GOP members for doing so.

It was clear that when the markup resumed this morning, Brown wasn't going to let the events of the previous evening go unaddressed. When he began to defend his assertions of a link between millions of dollars in drug company campaign donations and Republican actions, Tauzin cut him off. "Mr. Brown!," Tauzin interjected. "Are we going to go through that again today!?" Tauzin said that if Brown continued to "impugn our motives," Tauzin would have Brown's words "stricken down." Brown should debate the issues and not speak of anyone personally in the markup, Tauzin said. Brown responded that he wasn't speaking of anyone personally, but of a link between donations and GOP actions.

Tauzin said Brown should save his commentary for political campaigns and that in the interests of committee comity, "members are not to question each other's intentions and motives." Brown said "I don't think it's a coincidence that the drug industry gets its way year after year after year." Tauzin said that if Brown was going to continue in that vein then Republicans could start in too. Brown responded that if that were to happen then maybe the public could get a better understanding "of all the campaign fundraising that goes on around here." Tauzin asked whether Republicans should start talking about all the campaign donations Democrats get from the drug industry. Brown responded that "I don't think that's a debate you want to get into," asserting that 80 percent of drug industry campaign contributions go to Republicans.

Brown then went on to offer an amendment to put the prescription drug benefit into traditional Medicare without going through the vehicle of private plans. He recounted GOP criticism of the program over the years and said "Republicans have never liked this program." Pallone then picked up the theme of Republicans wanting to "kill Medicare" and said the motive may be ideological rather than campaign donations. Democrats are worried about a return to the days before 1965 when many seniors had a hard time getting health care, Pallone said. Rep. James Greenwood (R-PA) responded that "as usual the gentleman from New Jersey takes the debate right down to the lowest common denominator." Greenwood said "it has nothing to do with ideology. It has nothing to do with campaign contributions." To think that "any member of Congress would wake up in the morning and say, 'How can I kill Medicare today,' I think that's stupid!"

But Democrats didn't stop. Schakowsky reminded Tauzin of his reproach to Brown for making political speeches. That's because "this is a political debate," Schakowsky said. "It is very political. Yes indeed. It is political." Democrats said that private sector reforms in the bill weren't

intended to save money but to privatize the program. The assumption of GOP market-based reforms is that they will save Medicare money, yet that's really not the case - "maybe a dollar or two," she said. Rep. John Dingell (D-MI) noted a new Congressional Budget Office estimate that private plan reforms would save only \$1.6 billion over 10 years. He said those reforms are a calculated attempt to end traditional fee for service in Medicare.

Democrats also questioned the wisdom of making sweeping market-based reforms when private plans literally may not show up. Congress Daily quoted two Wall Street analysts at a Washington, D.C. forum yesterday as expressing serious doubts that the private plan frameworks envisioned in both the Senate and House Medicare bills would work. While the Senate bill anticipates pharmacy benefit management companies taking on risk for the drug benefit, "I doubt there's a PBM that would agree to accept risk," Norm Fidel of Alliance Capitol Management was quoted as saying. Both Fidel and Roberta Goodman of Merrill Lynch said that the plans would only work if insurance companies back up the PBMs, but the analysts suggested that insurers would have little if any interest, the newsletter reported.

The criticism and partisan rancor of the past 24 hours at Energy and Commerce and earlier in the week at Ways and Means seems unlikely to derail House passage of H.R. 2473. But the impact on seniors of the intense criticism by House Democrats that Medicare is at risk bears watching. House and Senate negotiators may be able to lessen the criticism and any senior anxiety it causes by dumping the provision in the House bill that creates head-to-head competition between private plans and traditional Medicare starting in 2010. But survey results released today (see below) suggest that seniors aren't exactly aching for private plan competition, a major reform element in both the Senate bill and in even a modified House bill (younger people are more receptive, however). And to the extent congressional leaders decide to downplay private plan reforms, they risk losing conservative support for Medicare reform. These crosscurrents in the debate suggest that while prospects remain favorable, reform isn't certain.